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QC Item I.A.
October 24, 2018

**DEPARTMENT OF CONSUMER AFFAIRS (DCA)
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE
JULY 25, 2018
QUALIFICATIONS COMMITTEE (QC) MEETING**

Hilton Los Angeles Airport
5711 West Century Boulevard
Los Angeles, CA 90045

The regularly scheduled meeting of the QC was called to order at 10:08 a.m. on July 25, 2018, by QC Chair, David Evans, CPA.

QC Members

David Evans, CPA, Chair
Kimberly Sugiyama, CPA, Vice-Chair - Absent
Joanna (Jenny) Bolsky, CPA
Kristian George, CPA - Absent
Charles W. Hester, Sr., CPA - Absent
Brad Holsworth, CPA
Angela Honzik, CPA
Cliff Leiker, CPA - Absent
Jose Palma, CPA
Nasi Raissian, CPA
Michael L. Williams, CPA

CBA Members

Katrina L. Salazar, CPA - Absent
Sunny Youngsun Park, Esq. - Absent

CBA Staff

Ashley Delle, Licensing Coordinator
Suzanne Gracia, Licensing Manager
Gina Sanchez, Licensing Division Chief

I. Chairperson's Report.

Mr. Evans welcomed the QC Members and read the CBA Mission Statement to open the meeting.

A. Approval of the January 24, 2018, QC Minutes.

Mr. Evans asked members if there were any questions regarding the draft minutes.

It was moved by Ms. Bolsky and seconded by Ms. Raissian to approve the minutes of the January 24, 2018 QC meeting.

Yes: Mr. Evans, Ms. Bolsky, Mr. Holsworth, Mr. Palma, Ms. Raissian, Mr. Williams.

No: None.

Abstain: Ms. Honzik

Absent: Ms. Sugiyama, Ms. George, Mr. Hester, Mr. Leiker

B. Proposed 2019 QC Meeting Dates.

Mr. Evans asked if there were any comments or discussion of the proposed dates.

Ms. Raissian asked if there was still a meeting on October 24, 2018.

Ms. Sanchez replied that the October 24, 2018 meeting will be in Northern California and the off-cycle meeting on October 17, 2018 will be in Southern California.

It was moved by Ms. Bolsky and seconded by Mr. Williams to approve the 2019 QC meeting dates.

Yes: Mr. Evans, Ms. Bolsky, Mr. Holsworth, Ms. Honzik, Mr. Palma, Ms. Raissian, Mr. Williams.

No: None.

Abstain: None.

Absent: Ms. Sugiyama, Ms. George, Mr. Hester, Mr. Leiker

Mr. Evans shared that off-cycle meetings are scheduled for individuals not in the geographic area where the quarterly meetings are held and generally the off-cycle meetings will occur about a week before.

II. Report of the CBA Liaison.

Mr. Evans postponed this item to be presented after closed session.

A. Report on the March 22-23, 2018 and May 17, 2018 CBA Meetings.

This portion of the meeting resumed after closed session at 3:29 p.m.

Ms. Sanchez provided the report on behalf of Ms. Park.

At the March 22-23, 2018 CBA Meeting, the CBA approved the 2019 CBA meeting dates and locations.

The CBA reappointed David Evans, CPA and appointed Charles Hester, CPA to the QC. Mr. Hester formerly served on the QC from April 1991 to December 1996 and January 2008 to March 2016.

The CBA directed staff to initiate the rulemaking process to amend CBA Regulations sections 87(a)(2) and 88(h). The proposed changes to the continuing education requirements add four new subjects to the existing technical subject areas and increase the allowable continuing education credit for specified activities. The technical subject areas have expanded and now the publishing and writing of articles will increase from 25 percent to 50 percent.

The CBA directed staff to monitor the progress associated with the regulation of cannabis, keep the CBA apprised of any significant issues impacting the CBA, the accounting profession, or the CBA's consumer protection mandate, and convey, as appropriate, the information to other regulatory agencies.

At the May 17, 2018, CBA meeting, staff provided an update on the project to accept credit card payment for license renewal. It is anticipated that the CBA will start accepting credit card payment for license renewal by November of 2018. An application with the required documentation will still need to be sent in.

Also at the May CBA meeting, the CBA continued to maintain its current position on several legislative bills. If members are interested in reviewing any of the bills, they are listed on the CBA's website.

The CBA will hold its next meeting in Los Angeles on July 26-27, 2018.

III. Report on the Activities of the Initial Licensing Unit (ILU).

Ms. Sanchez provided this report.

Ms. Sanchez introduced Ashley Delle as the new Licensing Coordinator and shared that Suzanne Gracia, Licensing Manager, would be presenting the report for future meetings.

Ms. Sanchez pointed out that this ILU report reflects a full fiscal year for 2017-18 and the report now reflects applicants who examined within California and those who examined outside of California.

The chart reflected that 2,450 of the applications received for licensure were from applicants who passed the CPA Exam through the CBA and continued with licensure versus the 531 applicants who applied for licensure, but examined outside of California.

Of the licenses issued, there were 530 approved with the authority to sign attest engagements and 1,463 approved with general authority.

In addition to the processing of applications, Ms. Sanchez reported that staff responded to over 30,000 telephone calls and emails for this past fiscal year.

For fiscal year 2017-18, a monthly average of 271 license applications were processed. It is noted that the ILU has been experiencing an increase in timeframes. Ms. Bowers and Ms. Pearce have conducted workgroup meetings with management and staff to review current processes. With the goal of improving timeframes, opportunities to expedite processes have been discussed and are being implemented.

The goal is to process all examination and licensure applications within 30 days. The ILU will continue to keep the board and committee members apprised of the progress within the division.

In regards to the ILU report where it identifies certifications, Mr. Holsworth asked if the CBA and other accountancy boards can look up license information on the internet instead of physically mailing licensee status history to the other jurisdictions. Ms. Sanchez explained that not all of the required licensee information is available on the internet, such as periods of inactivity. The CBA and other accountancy boards continue to send hard copy verifications to each other.

Ms. Raissian expressed concerns about the trend of licensees decreasing. She inquired if there were any explanations for this. Ms. Sanchez shared that CBA members have expressed the same concerns for licensing and

examination applicants. The CBA is in contact with the California Society of CPAs (CalCPA) and NASBA who are both conducting further research.

Ms. Bolsky suggested the CBA communicate with the American Institute of CPAs (AICPA). This may reveal if the issue is solely with California, the profession in general, or if other states are experiencing similar findings. As many states do not have the attest license requirements in place, Ms. Bolsky stated that it might be interesting to see if this has contributed to the decrease.

Ms. Sanchez shared that several years ago NASBA put out a report on the candidate pipeline that focused on examination applicants. For CPA Examination candidates, it is believed to be a national concern. However, at this time there is no report for licensing.

Mr. Holsworth pointed out that the California State University and the University of California systems are tracking a decline in the profession. Ms. Sanchez added that NASBA publishes a report by college that identifies the amount of exam candidates. The report can identify the top 30 schools by size, how many students are taking the exam, the program, and the level. She offered to share this report with the members for their review. The report offers great statistics by state and school.

Ms. Sanchez stated that as additional information is provided to the CBA, staff will continue to update its CBA and committee members.

IV. Public Comment for Items Not on the Agenda.

None.

V. Conduct Closed Hearings [The QC met in closed session as authorized by Government Code section 11126(c)(2) and (f)(3), and BPC section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.

Adjournment at 10:26 a.m. to reconvene after closed session.

There being no further business to be conducted, the meeting was adjourned at 3:32 p.m. on July 25, 2018. The next meeting of the QC will be held on October 24, 2018 in Northern California.

David Evans, CPA, Chair

Prepared by: Ashley Delle, Licensing Coordinator